

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name BRILEY TOWNSHIP	County MONTMORENCY
Fiscal Year End MARCH 31, 2006	Opinion Date 9/15/06	Date Audit Report Submitted to State 9/27/06	

We affirm that:

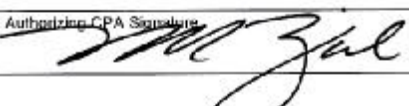
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| YES                                 | NO                       | <b>Check each applicable box below.</b> (See instructions for further detail.) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> |  |
1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  4. ☒ ☐ The local unit has adopted a budget for all required funds.
  5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that not been communicated, please submit a separate report under separate cover.
  11. ☐ ☒ The local unit is free of repeated comments from previous years.
  12. ☒ ☐ The audit opinion is UNQUALIFIED.
  13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) THOMAS R ZICK CPA, P.C.		Telephone Number 989-786-4032	
Street Address P.O. BOX 149		City LEWISTON	State MI
Authorizing CPA Signature 		Printed Name THOMAS R ZICK, CPA	Zip 49756
		License Number 1101007478	

**BRILEY TOWNSHIP  
BASIC FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2006**

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**Thomas R. Zick CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

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## **INDEPENDENT AUDITOR'S REPORT**

September 15, 2006

Township Board  
Briley Township  
Atlanta, Michigan 49709

I have audited the accompanying financial statements of the governmental activities, the business type activity, each major fund, and the aggregate remaining fund information of the Briley Township, Montmorency County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Briley Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activity, each major fund, and the aggregate remaining fund information of the Briley Township, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic financial Statements – and Management's Discussion and Analysis – for State and Local governments, along with all related statements and interpretations, as of April 1, 2005.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Page 2  
Township Board  
Briley Township  
September 15, 2006

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Briley Township's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

A handwritten signature in black ink, appearing to read "Thomas R. Zick, CPA, P.C.", written in a cursive style.

THOMAS R. ZICK CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

# **BRILEY TOWNSHIP**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### **THE TOWNSHIP AS A WHOLE**

The Township's combined net assets increased 1.2% from a year ago – increasing by \$26,779

The minor increase in overall Township tax revenues is the result of taxable value growth. The May 2006 report to county equalization indicates a net increase in real and personal property taxable values of 3.6%. The business type activity experienced a \$21,659 reduction in net assets.

In a condensed format, the table below shows a calculation of the net assets as of the current balance sheet date. Since this is the first year for GASB #34 no comparative figures are shown.

	Governmental Activities	Business Type Activity	Total
Current Assets	\$ 900,824	\$ 72,671	\$ 973,495
Noncurrent Assets	377,103	921,185	1,298,288
Total Assets	1,277,927	993,856	2,271,783
Long-term Liabilities	8,658	-	8,658
Total Liabilities	8,658	-	8,658
Net Assets			
Invested in Capital Assets - Net of Debt	377,103	921,185	1,298,288
Restricted	714,247	-	714,247
Unrestricted	177,919	72,671	250,590
Total Net Assets	\$ 1,269,269	\$ 993,856	\$ 2,263,125

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table shows the changes in the net assets as of the current year. Since this is the first year for GASB #34 no comparative figures are shown.

	Governmental Activities	Business Type Activity	Total
Program Revenues			
Charges for Services	\$ 39,394	\$ 45,601	\$ 84,995
Operating Grants and contributions	3,453	3,900	7,353
General Revenues			
Property Taxes	321,168	-	321,168
State Shared Revenues	144,347	-	144,347
Unrestricted Investment Earnings / Other Revenue	68,015	-	68,015
Total Revenues	576,377	49,501	625,878
Program Expenses			
General government	269,961	-	269,961
Public Safety	127,278	-	127,278
Public Works	124,651	71,160	195,811
Recreation and Culture	6,049	-	6,049
Total Expenses	527,939	71,160	599,099
Change in Net Assets	\$ 48,438	\$ (21,659)	\$ 26,779

The Township's net assets continue to remain healthy.

### GOVERNMENTAL ACTIVITIES

The Township's total governmental revenues were \$576,377 which included \$321,168 in property taxes and \$144,347 in State Revenue Sharing..

### BUSINESS TYPE ACTIVITY

The Township's only business type activity is a water system which provides water to customers in the downtown area of Atlanta and west to Reimann Road. This activity is supported totally by revenues from the water fund. It showed a decrease in net assets of \$21,659 for the fiscal year.

### THE TOWNSHIP'S FUNDS

Our analysis of the Township's major funds begins on page 8 following the Township-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the township as a whole. The township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millage. The Township's major funds for 2005/06 include the General Fund, Fire and Ambulance Fund, and Road Fund. The other fund is the Cemetery Fund.

The General Fund pays for most of the Township's governmental services, except for fire and ambulance services that are paid for by the Fire and Ambulance Fund, cemetery expenses paid for by the Cemetery Fund, and road expenses paid for by the Road Fund. The most significant services in terms of costs incurred are assessing and employee fringe benefits that are paid by the General Fund. Fire and ambulance services paid by the Fire and Ambulance Fund and road fund expenses paid by the Road Fund are also significant costs.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Township board amended the budget to take into account events during the year. There were only minor budget adjustments during the year. The General Fund Balance increased by \$31,346 during the year.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

At March 31, 2006 the Township had \$1,298,288 invested in net capital assets in a broad range of capital assets, including buildings, equipment and fire equipment, and water system. The Township also invested \$95,000 in cost sharing with the County Road Commission for road construction and improvements. The road asset is not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

The Township has no long-term debt other than compensated absences.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Township's budget for 2006/07 General Fund calls for the allocated millage to continue without a Headlee rollback. The Fire and Ambulance Fund extra voted millage will also continue on the same basis. The Road Fund millage was reduced at the primary election from 1.75 mills to 1.00 mills. The Cemetery Fund millage will continue as it was in 2005/06. All millages except for the road millage reflect an increase in revenue due to the increase in Taxable Value.

There is continued reduction in the General Fund revenues due to the State not paying Statutory Revenue Sharing. In addition the State does not seem to pay for mandated services even though statutes require it.

We continue to watch our budget closely and meet monthly to maintain budget integrity.

### **CONTACTING THE TOWNSHIP'S MANAGEMENT**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Treasurer's office at (989) 785-4050 or visit the Township offices located in Atlanta, Michigan.

BRILEY TOWNSHIP  
STATEMENT OF NET ASSETS  
MARCH 31, 2006

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash demand, time deposits, and investments	\$ 877,178	\$ 56,013	\$ 933,191
Receivables			
Taxes	22,007	-	22,007
Administration Fee	1,639	-	1,639
Accounts		8,807	8,807
Inventory	-	7,851	7,851
Capital assets			
Land	197,600	5,475	203,075
Other capital assets, net of depreciation	<u>179,503</u>	<u>915,710</u>	<u>1,095,213</u>
<b>TOTAL ASSETS</b>	<u>1,277,927</u>	<u>993,856</u>	<u>2,271,783</u>
<b>LIABILITIES</b>			
Accrued liabilities/Compensated assets	<u>8,658</u>	<u>-</u>	<u>8,658</u>
<b>TOTAL LIABILITIES</b>	<u>8,658</u>	<u>-</u>	<u>8,658</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	377,103	921,185	1,298,288
Restricted for:			
Road Fund	660,521	-	660,521
Cemetery Fund	53,726	-	53,726
Metro Act Fund	-	-	-
Unrestricted	<u>177,919</u>	<u>72,671</u>	<u>250,590</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,269,269</u>	<u>\$ 993,856</u>	<u>\$ 2,263,125</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2006

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities	Business Type Activity	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General Government	\$ 269,961	\$ 37,419	\$ -	\$ -	\$ (232,542)	\$ -	\$ (232,542)
Public Safety	127,278	-	3,453	-	(123,825)	-	(123,825)
Public Works	124,651	1,975	-	-	(122,676)	-	(122,676)
Recreation and Culture	<u>6,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,049)</u>	<u>-</u>	<u>(6,049)</u>
Total Governmental Activities	<u>527,939</u>	<u>39,394</u>	<u>3,453</u>	<u>-</u>	<u>(485,092)</u>	<u>-</u>	<u>(485,092)</u>
<b>Business Type Activity</b>							
Water Fund	<u>71,160</u>	<u>45,601</u>	<u>3,900</u>	<u>-</u>	<u>-</u>	<u>(21,659)</u>	<u>(21,659)</u>
Total Primary Government	<u>\$ 599,099</u>	<u>\$ 84,995</u>	<u>\$ 7,353</u>	<u>\$ -</u>	<u>(485,092)</u>	<u>(21,659)</u>	<u>(506,751)</u>
					Governmental Activities	Business Type Activities	Total
<b>General revenues:</b>							
Taxes:							
Property taxes levied for general operating purposes					321,168	-	321,168
State Revenue Sharing not restricted to specific purposes					144,347	-	144,347
Interest and royalty earnings / other revenue					<u>68,015</u>	<u>-</u>	<u>68,015</u>
Total general revenues and taxes					<u>533,530</u>	<u>-</u>	<u>533,530</u>
Change in net assets					48,438	(21,659)	26,779
Net assets, beginning of year					<u>1,220,831</u>	<u>1,015,515</u>	<u>2,236,346</u>
<b>Net assets, end of year</b>					<u>\$ 1,269,269</u>	<u>\$ 993,856</u>	<u>\$ 2,263,125</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2006

	NON-MAJOR FUND				
	GENERAL FUND	FIRE & AMBULANCE FUND	ROAD FUND	CEMETERY FUND	TOTAL
ASSETS					
Cash and Investments	\$ 174,477	\$ -	\$ 650,399	\$ 52,302	\$ 877,178
Receivables					
Taxes	10,461	-	10,122	1,424	22,007
Administration Fee	<u>1,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,639</u>
TOTAL ASSETS	<u>\$ 186,577</u>	<u>\$ -</u>	<u>\$ 660,521</u>	<u>\$ 53,726</u>	<u>\$ 900,824</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable/Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Reserved	-	-	660,521	53,726	714,247
Unreserved	<u>186,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,577</u>
TOTAL FUND BALANCES	<u>186,577</u>	<u>-</u>	<u>660,521</u>	<u>53,726</u>	<u>900,824</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 186,577</u>	<u>\$ -</u>	<u>\$ 660,521</u>	<u>\$ 53,726</u>	<u>\$ 900,824</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
Reconciliation of Fund Balances on the Balance Sheet  
for Governmental Funds to Net Assets of  
Governmental Activities on the Statement of Net Assets  
MARCH 31, 2006

Fund Balances - Total Governmental Funds	\$ 900,824
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital Assets - at Cost	661,627
Accumulated Depreciation	(284,524)
Accrued personal leave is not included as a liability in the governmental funds	<u>(8,658)</u>
Net Assets of Governmental Activities	<u>\$ 1,269,269</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2006

				NON-MAJOR FUND	
	GENERAL FUND	FIRE & AMBULANCE FUND	ROAD FUND	CEMETERY FUND	TOTAL
REVENUES					
Taxes	\$ 80,123	\$ 120,408	\$ 105,850	14,787	\$ 321,168
State Sources	144,347	-	3,453	-	147,800
Charges for Services	11,470	-	1,975	4,805	18,250
Interest Income / Royalty Income	37,067	-	24,394	1,516	62,977
Administration Fee	21,144	-	-	-	21,144
Other Revenue	5,038	-	-	-	5,038
TOTAL REVENUES	<u>299,189</u>	<u>120,408</u>	<u>135,672</u>	<u>21,108</u>	<u>576,377</u>
EXPENDITURES					
General Government	240,130	-	-	19,556	259,686
Public Safety	5,147	120,408	-	-	125,555
Public Works	18,287	-	89,337	-	107,624
Recreation & Culture	4,279	-	-	-	4,279
Capital Outlay	-	-	-	2,597	2,597
TOTAL EXPENDITURES	<u>267,843</u>	<u>120,408</u>	<u>89,337</u>	<u>22,153</u>	<u>499,741</u>
REVENUES OVER (UNDER) EXPENDITURES	31,346	-	46,335	(1,045)	76,636
FUND BALANCES, BEGINNING OF YEAR	<u>155,231</u>	<u>-</u>	<u>614,186</u>	<u>54,771</u>	<u>824,188</u>
FUND BALANCES, END OF YEAR	<u>\$ 186,577</u>	<u>\$ -</u>	<u>\$ 660,521</u>	<u>\$ 53,726</u>	<u>\$ 900,824</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
FOR THE YEAR ENDED MARCH 31, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ 76,636
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Amounts reported for *governmental activities* in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities, the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense.

Add - Capital Outlay	2,597
Deduct - Depreciation Expense	(29,514)

Increase in Accrued Personal Leave	<u>(1,281)</u>
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Change in Net Assets of Governmental Funds	<u>\$ 48,438</u>
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See Notes to Financial Statements

BRILEY TOWNSHIP  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 MARCH 31, 2006

	ENTERPRISE FUND <u>WATER</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 56,013
Account Receivable	8,807
Inventories	7,851
Capital Assets	
Land	5,475
Property, Plant, and Equipment - Net	<u>915,710</u>
 TOTAL ASSETS	 <u>993,856</u>
 NET ASSETS	
Investment in Capital Assets, Net of Related Debt	921,185
Unrestricted net assets	<u>72,671</u>
 TOTAL NET ASSETS	 <u><u>\$ 993,856</u></u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 MARCH 31, 2006

	ENTERPRISE FUND <u>WATER</u>
OPERATING REVENUES	
Charges for Services	\$ 45,487
Other	<u>114</u>
TOTAL OPERATING REVENUES	<u>45,601</u>
OPERATING EXPENSES	
Wages/Payroll Taxes/Fringe Benefits	19,092
Supplies/Repair Parts	4,287
Services/Utilities	13,378
Depreciation Expense	<u>34,403</u>
TOTAL OPERATING EXPENSES	<u>71,160</u>
OPERATING INCOME (LOSS)	<u>(25,559)</u>
NONOPERATING REVENUES (EXPENSES)	
State Grant	<u>3,900</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>3,900</u>
NET INCOME (LOSS)	(21,659)
NET ASSETS, BEGINNING OF YEAR	<u>1,015,515</u>
NET ASSETS, END OF YEAR	<u><u>\$ 993,856</u></u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED MARCH 31, 2006

	ENTERPRISE FUND <u>WATER</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 46,204
Cash payments for goods and services	(18,197)
Cash payments to employees for services	<u>(19,092)</u>
Net Cash Provided (Used) by Operating Activities	<u>8,915</u>
Cash Flows From Non Capital Financing Activities:	
Operating Grants Received	<u>3,900</u>
Net Cash Provided by Non Capital Financing Activities	<u>3,900</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,815
Cash and Cash Equivalents, Beginning of Year	<u>43,198</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 56,013</u></u>
Operating Income (Loss)	\$ (25,559)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	34,403
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	603
(Increase) Decrease in Inventory	<u>(532)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 8,915</u></u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
STATEMENT OF FIDUCIARY FUND NET ASSETS  
AGENCY FUNDS  
MARCH 31, 2006

	<u>ASSETS</u>	
Cash		\$ <u>1,632</u>
	<u>TOTAL ASSETS</u>	<u>\$ 1,632</u>
	<u>LIABILITIES</u>	
Due to Other Governmental Units		\$ <u>1,632</u>
	<u>TOTAL LIABILITIES</u>	<u>\$ 1,632</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Briley Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

**REPORTING ENTITY**

The General Law Township is located in Montmorency County, Michigan and operated under an elected Township Board consisting of a Supervisor, Treasurer, Clerk, and two Trustees. This Board and its employees provide services to its residents in areas such as fire protection, ambulance service, voter registration, maintenance of township facilities, planning and zoning, park operation, and water service.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

**TOWNSHIP-WIDE AND FUND FINANCIAL STATEMENTS**

The township-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Township's Township-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the township-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

**Township-Wide Financial Statements** - The township-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the township-wide financial statements.

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid/revenue sharing.

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state revenue sharing, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

**Fire and Ambulance Fund** – This is a special revenue fund used to record revenue and expenditures related to the fire and ambulance department activities.

**Road Fund** – This is a special revenue fund used to record the proceeds from tax levies and to record the expenditures for road improvements.

The Township reports only one business type activity fund, the Water Fund, which is an enterprise fund and is reported as a major fund.

Additionally, the Township reports the following governmental fund as a non-major fund: Special Revenue Cemetery Fund.

**Fiduciary Funds** – The Township maintains an Agency Fund to record the tax collection transactions. The funds are segregated and used to record the tax collection and distribution of taxes to the various taxing entities.

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**Cash and Investments** – Cash and investments include cash on hand, demand deposits, and savings accounts and certificates of deposit.

**Receivables and Payables** – In general, outstanding balances between funds are reported as “due to/from other funds.”

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

All property tax receivables are shown net of an allowance for uncollectible amounts. The Township considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes are levied and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The County operates a delinquent tax revolving fund and normally pays to the Township all current taxes annually prior to June 30.

**Capital Assets** – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the Township-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Township does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	10-50 years
Vehicles	7-15 years
Furniture and other equipment	2-20 years

**Long-Term Obligations** – In the Township-wide financial statements long-term debt and other long-term obligations would be reported as liabilities in the statement of net assets. Briley Township has no long term debt other than compensated absences.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Date** – Comparative data is not included in the Township's financial statements, because this is the first year of implementation for GASB #34.

**Accounting Change** – Effective April 1, 2005, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34) along with all related statements and interpretations. Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- § A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- § Township-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- § Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$377,103 not previously accounted for by the Township

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- § The governmental activities column includes accrued personal leave time of \$8,658 not previously reported.
- § The fund financial statements focus on major funds rather than fund types.

**BUDGETS AND BUDGETARY ACCOUNTING**

All funds are under the direct supervision and budgetary control of the Township board. In accordance with PA 621 of 1978, the Uniform Budgeting and Accounting Act as amended, the Township board adopts a budget for the general fund and the fire special revenue fund. Any budget violations are disclosed in the audits of the Township's financial statements as required by law.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets, as adopted, lapse after the close of the fiscal, and a new budget is adopted for the ensuing year. The budget for Briley Township, as presented in the accompanying financial statements is the amended budget as well as the original adopted budget for the funds required to be budgeted under state statute.

**NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at the fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits Townships to amend their budgets during the year.

**Excess Expenditures Over Appropriations in Budgeted Funds** - The Township is required under Public Act 621 of 1978 to adopt (pass) a budget (General Appropriations Act) for the General Fund and Individual Special Revenue Funds. The Township complied in all areas.

The following expenditure categories exceeded the final amended budget as follows:

	<u>Amended Budget ,</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Township Board	\$ 101,200	\$ 107,519	\$ (6,319)
Board of Review	\$ 2,150	\$ 2,244	\$ (94)
Board of Appeals	\$ 500	\$ 655	\$ (155)
Fire and Ambulance Fund:			
Contractual - Fire	\$ 59,479	\$ 60,204	\$ (725)
Contractual - Ambulance	\$ 59,479	\$ 60,204	\$ (725)

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 3 - CASH AND INVESTMENTS**

The captions on the combined balance sheet related to cash and investments are as follows:

	Cash/checking				
	<u>Imprest</u>	<u>Cert of Deposit</u>	<u>and Savings</u>	<u>Investments</u>	<u>Total</u>
Government Activities	\$ 50	\$ 713,322	\$ 80,634	\$ 139,185	\$ 933,191
Agency Funds	-	-0-	1,632	-0-	1,632
	<u>\$ 50</u>	<u>\$ 713,322</u>	<u>\$ 82,266</u>	<u>\$ 139,185</u>	<u>\$ 934,823</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$795,587 and the bank balance was \$803,436 was classified as to risk as follows.

Insured	\$ 473,927
Uninsured – Uncollateralized	<u>321,660</u>
	<u>\$ 795,587</u>

Investments – Act 217, PA 1982, authorized the Township to deposit and invest in the following:

- a. Bonds, bills, and other direct obligations of the United States or its agencies.
- b. Certificates of deposit and other savings instruments issued by a federally insured bank, savings and loan or credit union maintaining an office in Michigan.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Mutual Funds comprised of investments which are legal for direct investment by local units of government in Michigan.
- e. U.S. Government or federal agency obligation repurchase agreements.
- f. Bankers' acceptance of United States banks

The \$139,185 in investments are held in the National City Municipal Investment Trust which is uninsured.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

**Credit Risk**

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

**Interest Rate Risk**

The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

Concentration of Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments of collateral securities that are in possession of an outside party.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

**NOTE 4 - RISK MANAGEMENT**

The Township purchases insurance in the Michigan Township Participating Plan for its liability, property and automobile coverage.

Worker compensation is purchased through the Accident Fund Insurance Company of America.

The Michigan Township Participating Plan is an authorized Michigan Self-Insurance Association and Briley Township is accepted as a member in this plan organized under Public Act 138 of 1982. A substantial number of Michigan townships participate in this coverage.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity of the Township's governmental activities for the current year was as follows:

	Balance March 31, 2005	Additions	Disposals	Balance March 31, 2006
Capital assets not being depreciated:				
Land	\$ 197,600		\$ -	\$ 197,600
Capital assets being depreciated:				
Building and building improvements	304,858	-	-	304,858
Equipment and vehicles	156,572	2,597	-	159,169
Subtotal	461,430	2,597	-	464,027
Accumulated depreciation	255,010	29,514	-	284,524
Net capital assets being depreciated	206,420	(26,917)	-	179,503
Net governmental capital assets	\$ 404,020	\$ (26,917)	\$ -	\$ 377,103

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**NOTE 5 – CAPITAL ASSETS ( CONTINUED)**

Capital asset activity of the business type activities for the current year was as follows:

	Balance <u>March 31, 2005</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>March 31, 2006</u>
Capital assets being depreciated:				
Land	\$ 5,475	\$ -	\$ -	\$ 5,475
Equipment and vehicles	<u>1,375,018</u>	<u>-</u>	<u>-</u>	<u>1,375,018</u>
Subtotal	<u>1,380,493</u>	<u>-</u>	<u>-</u>	<u>1,380,493</u>
Accumulated depreciation	<u>424,905</u>	<u>34,403</u>	<u>-</u>	<u>459,308</u>
Net capital assets	<u>\$ 955,588</u>	<u>\$ (34,403)</u>	<u>\$ -</u>	<u>\$ 921,185</u>

Depreciation expense was charged to activities of the Township as follows:

Governmental Activities:	
General Government	\$ 10,264
Public Safety	1,723
Public Works	15,757
Recreation and Culture	<u>1,770</u>
Total	<u>\$ 29,514</u>
Business Type Activities:	
Water Fund	<u>\$ 34,403</u>
Total	<u>\$ 34,403</u>

**NOTE 6 – COMPENSATED ABSENCES**

The Township's personnel policy provides for the payment of vacation, sick and comp time. This accumulates with no limit. Compensated absences totaled \$8,658 at March 31, 2006 and \$7,377 at March 31, 2005.

## **REQUIRED SUPPLEMENTARY INFORMATION**

BRILEY TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 75,980	\$ 75,980	\$ 80,123	\$ 4,143
State Sources	145,000	145,000	144,347	(653)
Charges for Services	19,760	19,760	11,470	(8,290)
Interest Income	21,000	21,000	37,067	16,067
Administration Fee	21,600	21,600	21,144	(456)
Other	2,750	2,750	5,038	2,288
TOTAL REVENUES	<u>286,090</u>	<u>286,090</u>	<u>299,189</u>	<u>13,099</u>
EXPENDITURES				
General Government:				
Township Board	87,200	101,200	107,519	(6,319)
Supervisor	12,050	12,105	12,105	-
Clerk	12,050	12,050	12,000	50
Data Processing	1,000	1,000	557	443
Board of Review	2,150	2,150	2,244	(94)
Treasurer	19,000	19,000	14,197	4,803
Assessor	22,550	22,550	22,375	175
Election	3,000	3,000	800	2,200
Township Hall	12,070	13,370	12,272	1,098
Other Services	71,350	71,850	56,061	15,789
Capital Outlay	750	750	-	750
Total General Government	<u>243,170</u>	<u>259,025</u>	<u>240,130</u>	<u>18,895</u>
Public Safety:				
Board of Appeals	500	500	655	(155)
Blight Enforcement	2,425	2,425	2,254	171
Planning and Zoning	2,270	2,270	2,238	32
Total Public Safety	<u>5,195</u>	<u>5,195</u>	<u>5,147</u>	<u>48</u>
Public Works				
Street Lights	11,000	11,000	8,479	2,521
Public Improvements	10,500	10,500	9,808	692
Total Public Works	<u>21,500</u>	<u>21,500</u>	<u>18,287</u>	<u>3,213</u>
Recreation & Culture:				
Parks and Recreation	10,890	10,890	4,279	6,611
Total Recreation & Culture	<u>10,890</u>	<u>10,890</u>	<u>4,279</u>	<u>6,611</u>
TOTAL EXPENDITURES	<u>280,755</u>	<u>296,610</u>	<u>267,843</u>	<u>28,767</u>
REVENUES OVER (UNDER) EXPENDITURES	5,335	(10,520)	31,346	41,866
FUND BALANCES, BEGINNING OF YEAR	<u>165,959</u>	<u>165,959</u>	<u>155,231</u>	<u>(10,728)</u>
FUND BALANCES, END OF YEAR	<u>\$ 171,294</u>	<u>\$ 155,439</u>	<u>\$ 186,577</u>	<u>\$ 31,138</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
FIRE & AMBULANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes - Fire	\$ 59,464	\$ 59,464	\$ 60,204	\$ 740
Taxes - Ambulance	59,464	59,464	60,204	740
Interest	<u>30</u>	<u>30</u>	<u>-</u>	<u>(30)</u>
TOTAL REVENUES	<u>118,958</u>	<u>118,958</u>	<u>120,408</u>	<u>1,450</u>
EXPENDITURES				
Public Safety				-
Contractual Services - Fire	59,479	59,479	60,204	(725)
Contractual Services - Ambulance	<u>59,479</u>	<u>59,479</u>	<u>60,204</u>	<u>(725)</u>
TOTAL EXPENDITURES	<u>118,958</u>	<u>118,958</u>	<u>120,408</u>	<u>(1,450)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BRILEY TOWNSHIP  
ROAD FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 106,790	\$ 106,790	\$ 105,850	\$ (940)
State	3,000	3,000	3,453	453
Interest	12,500	12,500	24,394	11,894
Charges for Services	<u>2,000</u>	<u>2,000</u>	<u>1,975</u>	<u>(25)</u>
TOTAL REVENUES	<u>124,290</u>	<u>124,290</u>	<u>135,672</u>	<u>11,382</u>
EXPENDITURES				
Wages	-	7,200	7,020	180
Fringes	-	550	527	23
Contractual	<u>95,000</u>	<u>95,000</u>	<u>81,790</u>	<u>13,210</u>
TOTAL EXPENDITURES	<u>95,000</u>	<u>102,750</u>	<u>89,337</u>	<u>13,413</u>
REVENUES OVER (UNDER) EXPENDITURES	29,290	21,540	46,335	24,795
FUND BALANCES, BEGINNING OF YEAR	<u>601,391</u>	<u>601,391</u>	<u>614,186</u>	<u>12,795</u>
FUND BALANCES, END OF YEAR	<u>\$ 630,681</u>	<u>\$ 622,931</u>	<u>\$ 660,521</u>	<u>\$ 37,590</u>

See Notes to Financial Statements



**Thomas R. Zick CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 149, 2947 MANTZ STREET  
LEWISTON, MICHIGAN 49756  
TELEPHONE: (989) 786-4032  
FAX: (989) 786-4032

## FINANCIAL AUDIT COMMENTS

September 15, 2006

Township Board  
Briley Township  
Atlanta, Michigan 49709

In planning and performing my audit of the general purpose financial statements of Briley Township, Montmorency County for the year ended March 31, 2006, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. However, I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect Briley Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.

### **BUDGETS**

The Township properly adopted the budget. Throughout the year adjustments were made.

The following expenditure categories exceeded the final amended budget as follows:

	<u>Amended Budget ,</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Township Board	\$ 101,200	\$ 107,519	\$ (6,319)
Board of Review	\$ 2,150	\$ 2,244	\$ (94)
Board of Appeals	\$ 500	\$ 655	\$ (155)
Fire and Ambulance Fund:			
Contractual - Fire	\$ 59,479	\$ 60,204	\$ (725)
Contractual - Ambulance	\$ 59,479	\$ 60,204	\$ (725)

### **GENERAL LEDGER / CASH ACCOUNTS**

The overall accounting process was good. We did however note that the general ledger was out of balance and that the due to/due from accounts did not balance. We located the entry causing the problem and assisted you in balancing the ledger.

The general checking account is operated much like a common checking account in which the general fund, pays out of its checking account, the bills for all funds and then periodically entries are posted to properly record the cash part of the transaction.

We feel that the present procedure is, in effect, an unauthorized transfer of funds. Either a true common bank account should be used or the transfer of funds should occur each time a bill is paid.

#### **CASH ACCOUNT / INTEREST EARNINGS**

Your water fund cash was in a bank account that paid no interest and charged a fee monthly. With a balance of \$50,000 in the account your financial institution should at a minimum waive the fee, but better yet should pay interest on the balance. We understand you have set up some certificates of deposit after year end which accomplishes this.

#### **CREDIT CARD POLICY**

The Township is presently using a credit card for various Township purchases but has not adopted the resolution required by Public Act 266 of 1995. We have provided you with a copy of that statute and recommend that the Township board adopt a resolution consistent with the provisions of that statute. We understand your procedures comply with the provision of the statute. You simply have not adopted the resolution.

#### **CAPITAL ASSETS / DEPRECIATION**

We have set up your depreciation schedule in an Excel spreadsheet, based upon the listing you provided. That schedule should be updated annually so that it is current for the next bi-annual audit.

My consideration of internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe non of the matters described above are material weaknesses.

This report is intended solely for the information and use of the Briley Township Montmorency County, Michigan, management, and others on the board, and the Michigan Department of Treasury. This report is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Thomas R. Zick CPA, P.C.  
Certified Public Accountant